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BULLETIN

TO: All Health Insurance Insurers, Health Maintenance Organizations, Preferred Provider Organizations, Managed Care Organizations and any other health insurance entities doing business in Alabama and/or regulated by the Commissioner of Insurance and the Alabama Department of Insurance

FROM: Walter A. Bell, Commissioner of Insurance

DATE: September 9, 2005

RE: Health Insurance

On August 28, 2005, Governor Bob Riley declared the existence of a state of emergency within the state of Alabama regarding Hurricane Katrina. Thousands of people have been displaced due to evacuation orders in this and other states and are now residing in temporary quarters in our state. The situation has created a mass disruption to the normalcy we previously enjoyed.

All Health insurers have certain requirements applicable to their insureds. Hurricane Katrina has produced a disruption in the health insurance industry. Accordingly, for these individuals so affected during this state of emergency, the following shall apply:

1. All insurers with policyholders who are evacuees shall waive any and all restrictions relative to out-of-network access to health care services. This would include but not be limited to HMOs, PPOs, MCOs, etc. To avoid delays in accessing care, all health insurance issuers, HMOs, PPOs, and MCOs shall waive requirements for medical precertification, referrals, medical necessity reviews and notification of hospital admissions.

2. All health insurance issuers shall reimburse at the higher of the following: contracted reimbursement rate; highest benefit level or percentage in a policy. The purpose and intent is to minimize the policyholder's out-of-pocket expense according to policy provision. The policyholder shall be held harmless and indemnified by the health insurance issuers, HMOs, PPOs, and MCOs for any out of pocket expense, except for any applicable co-payments, deductibles or co-insurance.

3. All health insurance issuers, including but not limited to HMOs, PPOs, MCOs, etc., shall waive any and all restrictions relative to out of network access to pharmacy services or prescriptions.

4. A cancellation or nonrenewal may not occur prior to the expiration of the State of Emergency or any subsequent State of Emergency related to Hurricane Katrina, unless upon the written request or written concurrence of the policyholder.

This directive shall not apply to new policies issued on or after August 29, 2005.